

~~Top Secret~~

## POLAND

*Free trade union leaders continue to avoid a collision course with the regime, despite the Warsaw court's provocative unilateral alteration of their union's statutes, but the leaders have demanded a meeting with Premier Pinkowski and the resignation of the Justice Minister.*

union leaders meeting in Gdansk yesterday demanded that Pinkowski meet with them today, but accepted a delay until Thursday. Only one of the 40 union leaders present reportedly demanded an immediate general strike.

The regime obviously hopes to avoid further wildcat strikes, such as those that recently occurred at Wroclaw and Katowice, and to induce workers to increase productivity. A major theme of recent speeches by government and party officials is the need for workers to stop talking and to resume work so that Poland can make up some of the production losses suffered since the wave of strikes began last summer.

The strikes in Wroclaw and Katowice were settled only after government officials agreed to improve working conditions and to consider or grant further wage increases. According to Western press sources, railway workers in Wroclaw yesterday received a \$25-per-month pay hike, an increase no doubt motivated by rumors that railway workers would stage a nationwide strike unless agreement was reached.

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### Transportation Cutbacks

A 10-percent reduction in bus and truck transportation has been ordered; some limitations on bus transportation had been imposed earlier--on 1 September. The latest cuts were vaguely attributed to "fuel difficulties," for which no explanation was offered. The most likely causes, however, are the earlier labor disturbances and the Iraq-Iran conflict. Both oil imports and refining were interrupted during the September strikes, and the war between Iran and Iraq could be costing Poland as much as 15 percent of its daily crude oil imports. Poland's transportation system has always been a trouble spot in the economy. The current cutbacks will hinder even more the resumption of normal production levels.

### More Bad Economic News

The Polish Sejm announced last week that national income will be lower this year than last, marking the second consecutive year that a decrease has taken place. In addition, investment will be cut 20 percent in 1981--the most drastic cut since the stabilization program began in 1976. The steep cut signifies that Poland is relying on a reduction in investment to help meet its urgent demand for improving the balance of payments and preventing a drop in the standard of living.

The Sejm also announced that projections of the 1980 balance of payments were revised drastically from a surplus of \$750 million to a much more realistic deficit of \$900 million. The estimate probably reflects a reassessment of Poland's trade balance with the West and also the unexpected increases in imports of food and consumer goods from CEMA countries and drastic cuts in the exports of raw materials to these countries. Czechoslovakia and East Germany have provided increased deliveries of food--including meat--to Poland at some hardship to their own consumers. At the same time, however, Poland is not fulfilling its commitments for raw material deliveries to East European countries.

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### East German Reaction

A high-level East German party official has [REDACTED] indicated that his country will soon abrogate its agreement with Poland that provides for visa-free travel between the two countries for their citizens. [REDACTED]

The East Germans will justify their action by saying the political and economic situation in Poland no longer permits the agreement to remain in force. This action will be one of several [REDACTED]

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